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Message Text

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ORIGIN COME-00

INFO OCT-01 IO-13 ISO-00 EB-08 AF-10 ARA-10 EA-10
EUR-12 NEA-10 AGRE-00 CEA-01 CIAE-00 DODE-00
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01
TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 /166 R

DRAFTED BY COM/BIEPR/OTP/WKRIST
APPROVED BY EB/OT/TA:DPATTERSON
COM/BIEPR/TNAD/DSHARK
COM/BIEPR/GCP/LBRIEN
COM/BIEPR/TNAD/ASTOLER
COM/BIEPR/IPD/DHILL
COM/ITA/BDBD/JKINGSBURY
STR/MPORANZ
----------056959 080014Z /64
P 072209Z JUL 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 172128

MTN GENEVA

E.O. 11652: GDS

TAGS: ETRD, SW

SUBJECT: ISAC 20 MEETING

1. ISAC 20 (SCIENTIFIC AND CONTROLLING INSTRUMENTS) MET JUNE 23, 1978 TO REVIEW STATUS OF NEGOTIATIONS ON NTM CODES, LATEST EC AND JAPANESE OFFERS, AND IMPLICATIONS OF FOREIGN OFFERS FOR MAINTENANCE OF U.S. OFFER. HIGHLIGHTS OF MEETING FOLLOW.

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2. SUBSIDIES/CVD: FOLLOWING PRESENTATION ON CURRENT TWO-TRACK APPROACH, ISAC EXPRESSED SUPPORT FOR USG EFFORTS. ISAC AGREED ADOPTING INJURY TEST IN US CVD WOULD BE ACCEPT-ABLE TRADE-OFF FOR OBTAINING LIMITATIONS ON FOREIGN SUBSIDY PRACTICES ENVISIONED BY CURRENT APPROACH. HOWEVER, ISAC EXPRESSED SUBSTANTIAL CONCERN THAT DISC NOT BE PROHIBITED RACTICE UNDER CODE; ISAC WOULD OPPOSE CODE IF IT REQUIRED

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U.S. TO RELINQUISH DISC EVEN IF EUROPEAN TAX HAVEN
PRACTICES WERE INCLUDED AS TRADE-OFFS.

FOLLOWING ADDITIONAL POINTS WERE ALSO MADE:

A. ISAC BELIEVES DIFFERENTIAL CREDIT PRACTICES SHOULD BE
INCLUDED UNDER EXPORT SUBSIDY PROVISIONS.

B. ISAC HAS SUBSTANTIAL CONCERN WITH US R AND D SUBSIDIES
AND WOULD WANT TO BE CONSULTED FURTHER BEFORE ANY SPECIFIC
LANGUAGE IS AGREED TO.

C. ONE MEMBER NOTED THAT MANY U.S. FIRMS HAVE INVESTED
IN IRELAND SPECIFICALLY BECAUSE OF THE TOTAL WAIVER OF
DIRECT AND INDIRECT TAXES ON GOODS EXPORTED FROM IRELAND.
UNDER TERMS OF IRISH ACCESSION TO EC, THIS PROGRAM IS
TO BE TERMINATED IN 1990 AND AS AN INTERIM MEASURE NO
GRANT NEGOTIATED AT PRESENT IS TO EXTEND PAST 1990.

THIS MEMBER RECOMMENDED THAT THIS PROGRAM SHOULD NOT BE
PROHIBITED UNDER CODE BEYOND EC ACCESSION TERMS ALREADY
AGREED TO BY IRELAND, PERHAPS THROUGH TECHNIQUE OF
"GRANDFATHERING" IRISH PRACTICES.

3. GOVERNMENT PROCUREMENT: ISAC REAFFIRMED ITS SUPPORT
FOR GOVERNMENT PROCUREMENT NEGOTIATIONS AND MADE FOLLOWING
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POINTS:

A. THRESHOLD: WHILE ISAC CONTINUES TO STRONGLY FAVOR
LOWEST THRESHOLD POSSIBLE, THRESHOLD OF ONE MILLION
DOLLARS WOULD BE ACCEPTABLE PROVIDED U.S. CONTINUED TO
APPLY "BUY AMERICA" BELOW THRESHOLD AND COMPUTERS ARE
INCLUDED IN COVERAGE OF CODE. ISAC NOTED MANY OF ITS
PRODUCTS ARE SOLD AS INTEGRAL PART OF COMPUTER SYSTEMS
AND THAT MOST OF THE VALUE OF SUCH SALES ARE ACCOUNTED
FOR BY COMPUTER PORTION. IF COMPUTERS ARE NOT COVERED,
LOWER THRESHOLD WOULD BE NEEDED.

B. ISAC SUPPORTS CONCEPT OF THREE-YEAR TRIAL PERIOD
DURING WHICH TIME COUNTRIES COULD NOT WITHDRAW FROM CODE.

C. ISAC HAS ALWAYS PRESSED FOR LINK BETWEEN U.S. TARIFF
OFFER AND ACHIEVEMENT OF CODE OBJECTIVES. HOWEVER,
ASSUMING SUCCESSFUL NEGOTIATIONS ON SUBSIDIES, STANDARDS
AND CUSTOMS VALUATION, ISAC BELIEVES NO SPECIFIC LINK
WITH GOVERNMENT PROCUREMENT IS NECESSARY, EVEN IF GOVERN-
MENT PROCUREMENT NEGOTIATIONS ARE NOT SUCCESSFUL.

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4. CUSTOMS VALUATION: ISAC SUPPORTS USG POSITION IN CUSTOMS VALUATION NEGOTIATIONS. IN RESPONSE TO QUESTION AS TO WHETHER USG SHOULD SWITCH TO C.I.F. VALUATION AS PART OF CONCESSION PACKAGE, ISAC STATED THEY WOULD PREFER U.S. STAY ON FOB BUT DO NOT HAVE STRONG FEELINGS ON ISSUE.

5. POSSIBLE EC WITHDRAWALS: ISAC EXPRESSED CONCERN WITH POSSIBLE EC WITHDRAWAL OF BTN 9028A, ELECTRONIC INSTRUMENTS AND APPARATUS (TOTAL EC IMPORTS FROM U.S. IN 1976 VALUED AT ABOUT 160 MILLION DOLLARS). MEMBERS REJECTED EC ARGUMENT THAT WITHDRAWAL IS NECESSARY TO PROTECT EC DEVELOPING INDUSTRIES, SINCE EC HAS BEEN PRODUCING SUCH PRODUCTS FOR SAME PERIOD OF TIME AS U.S. ISAC NOTED PRODUCTS OF KEY INTEREST IN THIS CATEGORY ARE 902811 CONFIDENTIAL

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(APPARATUS USED IN TELECOMMUNICATIONS) WHERE EC IMPORTS FROM U.S. IN 1975 WERE VALUED AT ABOUT 120 MILLION DOLLARS AND 902854 (APPARATUS FOR MEASURING ELECTRICAL QUANTITIES), WHERE EC IMPORTS FROM U.S. IN 1975 WERE ABOUT 14 MILLION DOLLARS. IF EC WITHDRAWS OFFER ON THESE ITEMS ISAC RECOMMENDED THAT U.S. IMPLEMENT SIMILAR WITHDRAWALS ON PRESENT OFFER FOR FORMULA CUT TSUS 712.49 FROM 10 PERCENT PRESENT RATE TO 5.8 PERCENT AND OF TSUS 712.15 FROM 7 PERCENT TO 4.7 PERCENT. (FYI: ISAC MEMBERS CHECKING FURTHER TO IDENTIFY ITEMS OF KEY INTEREST WITHIN 9028A CATEGORY. MEMBERS WONDERED IF EC MAY PLAN TO INCLUDE 9028A CATEGORY ITEMS UNDER COVERAGE OF GOVERNMENT PROCUREMENT CODE, SINCE EC MAY FEEL THAT WOULD BE UNACCEPTABLE LIBERALIZATION IF COUPLED WITH TARIFF FORMULA CUT. IN THE EVENT THAT TRADE-OFF IS BETWEEN U.S. FORMULA TARIFF CONCESSION AND EC GOVERNMENT PROCUREMENT COVERAGE ISAC WOULD LIKE TO RECONSIDER ISSUE. END FYI)

6. REACTION TO EC RESPONSE TO U.S. REQUESTS FOR IMPROVEMENT: ISAC RECOMMENDS U.S. REDUCE GREATER-THAN-FORMULA OFFERS ON TSUS 709.61 AND 709.63 (X-RAY EQUIPMENT) TO FORMULA OFFER IN VIEW OF EC PROBABLE REFUSAL TO IMPROVE OFFER ON BTN 9020. ISAC HAS CONSISTENTLY RECOMMENDED THAT U.S. SEEK DUTY EQUIVALENCY ON THIS ITEM GIVEN SENSITIVITY IN COMPETITIVE SITUATION.

7. JAPANESE IMPROVEMENT: ISAC REVIEWED IMPROVED JAPANESE OFFERS WITHOUT COMMENT.

8. COMMENTS ON GENEVA VISIT: ISAC FELT VISIT WAS HIGHLY USEFUL AND PROVIDED FULL OPPORTUNITY TO EXPRESS THEIR VIEWS DIRECTLY TO THE DELEGATION. REGARDING PRODUCT CONFIDENTIAL

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AREA PAPER, ISAC RECOMMENDED PARAGRAPH BE ADDED NOTING
ISAC'S EMPHASIS ON NEGOTIATION OF NTB CODES. VANCE

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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2082465
Secure: OPEN
Status: NATIVE
Subject: ISAC 20 MEETING
TAGS: ETRD, SW
To: GENEVA
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/96486479-c288-dd11-92da-001cc4696bcc
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